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HOUSE OF COMMONS

Second Session—Twenty-second Parliament

1955

* LIBRARY SPECIAL COMMITTEE
UNIVERSITY ON
JUL 4 1955
OF TORONTO ★
BROADCASTING

Chairman: Dr. PIERRE GAUTHIER

MINUTES OF PROCEEDINGS

— No. 13 —

THURSDAY, JUNE 16, 1955

SECOND AND FINAL REPORT

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1955.

SPECIAL COMMITTEE
ON
BROADCASTING

Chairman: Dr. Pierre Gauthier
and Messrs.

Balcer	Goode	McCann
Beaudry	Hamilton (<i>Notre Dame</i> <i>de Grâce</i>)	Monteith
Boisvert	Hansell	Reinke
Bryson	Henry	Richard (<i>Ottawa East</i>)
Carter	Hollingworth	Richardson
Cauchon	Holowach	Robichaud
Dinsdale	Kirk (<i>Shelburne-</i> <i>Yarmouth-Clare</i>)	Viau
Fleming	Knight	Weselak
Gauthier (<i>Portneuf</i>)		
Gauthier (<i>Nickle Belt</i>)		

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ORDER OF REFERENCE

TUESDAY, June 14, 1955.

Ordered, That the name of Mr. Viau be substituted for that of Mr. Weaver;
and

That the name of Mr. Hollingworth be substituted for that of Mr. Decore;
and

That the name of Mr. Weselak be substituted for that of Mr. Studer on the
said Committee.

Attest.

Leon J. Raymond,
Clerk of the House.



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MINUTES OF PROCEEDINGS

Room 497,
THURSDAY, June 16, 1955.

The Special Committee on Broadcasting met *in camera* at 3.00 o'clock p.m. this day. Dr. Pierre Gauthier, the Chairman, presided.

Members present: Messrs. Boisvert, Cauchon, Fleming, Goode, Hamilton (*Notre Dame de Grâce*), Hansell, Henry, Hollingworth, Holowach, McCann, Monteith, Richard (*Ottawa East*), Richardson, Robichaud, Viau and Weselak.

The Chairman tabled a draft of the "Second Report to the House".

The Committee commenced a paragraph by paragraph consideration of the said Report.

On the Title:

Mr. McCann moved, seconded by Mr. Richardson,

That the words *and Final* be added to the Title.

After discussion, and the question having been put, the said motion was resolved in the affirmative.

On Paragraph 1:

Mr. Fleming moved, seconded by Mr. Monteith,

That paragraph 1 be amended by inserting *a comma* after the word "development" at the end of the said paragraph and adding the following:

with power to examine and inquire into the matters and things herein referred to and to report from time to time their observations and opinions thereon, and to send for persons, papers and records; that the Committee have power to print such papers and evidence from day to day as may be deemed advisable or necessary; that the Committee have power to meet while the House is sitting.

After discussion, and the question having been put, the said motion was resolved in the affirmative.

Paragraph 2 was considered and adopted.

On Paragraph 3:

Mr. Fleming moved, seconded by Mr. Hamilton (*Notre Dame de Grâce*),

That paragraph 3 be amended by deleting the words "and unanimously adopted such Report." where they appear in the second and third lines thereof.

After discussion, and the question having been put, the said motion was resolved in the negative.

Paragraph 4 was considered and adopted.

On Paragraph 5:

Mr. McCann moved, seconded by Mr. Goode,

That paragraph 5 be amended by deleting the word "future" where it appears in the fifth line thereof.

After discussion, and the question having been put, the said motion was resolved in the affirmative.

On Paragraph 6:

Mr. Fleming moved, seconded by Mr. Hamilton (*Notre Dame de Grâce*),

That paragraph 6 be amended by deleting the final sentence thereof and substituting the following:

It is unnecessary and unsound that C.B.C. should continue to license, regulate, and control privately-owned broadcasting stations. The Committee proposes that these functions should be detached from C.B.C., and should be conferred upon a separate regulatory tribunal appointed by the Governor-in-Council and operating in the public interest. This will leave C.B.C. free to concentrate all its efforts on its own operation of the national system of broadcasting. The separate regulatory tribunal should deal with all questions of licensing, regulation, and control as applied to all forms of broadcasting, whether public or private, and whether of sound or television. This will ensure justice and fair play for all forms of broadcasting.

There are many precedents to support this proposal of an independent regulatory tribunal. The Australian Broadcasting System is organized on precisely that basis. Here in Canada we have a Board of Transport Commissioners which regulates the operations of the railways, whether publicly-owned or privately-owned. No one would suggest that the C.N.R., in addition to carrying on its own operations, should be authorized by law to regulate and control the operations of the C.P.R. and other privately-owned railways in Canada. Yet that would be the counterpart of the present system of radio broadcasting control in Canada today. Similarly, the Air Transport Board licenses and regulates all forms of civil aviation in Canada. No one would suggest that the publicly-owned Trans-Canada Airlines, in addition to carrying on its own operations, should have complete power to license and control all privately-owned forms of civil aviation in Canada. Yet that also would be the counterpart of our present system of radio broadcasting in Canada.

The danger of monopoly is great under any circumstances. It is particularly threatening when applied to such a vitally important medium for the dissemination of thought and opinion.

After discussion, and the question having been put, the said motion was resolved in the negative on the following recorded division: *Nays: Messrs. Boisvert, Henry, Hollingworth, McCann, Richard (Ottawa East), Richardson, Robichaud, Viau, Weselak.—9. Yeas: Messrs. Fleming, Goode, Hamilton (Notre Dame de Grâce), Hansell, Holowach, Monteith.—6.*

Paragraph 7 was considered and adopted.

On Paragraph 8:

Mr. Fleming moved, seconded by Mr. Monteith,

That paragraph 8 be amended by adding thereto the following:

The Committee, while affirming the principle of freedom of expression, cannot fail to take note of the fact that the present regulations respecting political broadcasts have been used by the Communists to obtain free network time at public expense for the so-called Labour Progressive Party by the device of nominating straw candidates in general elections. The Committee also notes that in the recent general election in the United Kingdom no free time was given by B.B.C. to the Communist Party. The Committee recommends that consideration be given by the Board of Governors to the revision of the regulations in such a manner as to prevent their being circumvented for this purpose.

After discussion, and the question having been put, the said motion was resolved in the negative on the following recorded division: *Nays: Messrs.*

Boisvert, Goode, Hansell, Henry, Hollingworth, Holowach, McCann, Richard (*Ottawa East*), Richardson, Robichaud, Viau, Weselak. (12). Yeas: Messrs. Fleming, Hamilton (*Notre-Dame de Grâce*), Monteith. (3).

Mr. Hansell moved, seconded by Mr. Holowach,

That a new paragraph 9 be added after paragraph 8 as follows:

Your Committee discussed at some length the subject of religious broadcasting and regulations governing religious broadcasts. The C.B.C. is to be commended on the type of network religious broadcasts which are arranged in co-operation with the Religious Advisory Council. Respecting religious broadcasts independantly supported, your Committee suggests that the greatest possible freedom of speech be given to such broadcasts, provided of course that such programmes are broadcast in good taste.

After discussion, and the question having been put, the said motion was resolved in the negative on the following recorded division: Nays: Messrs. Boisvert, Fleming, Goode, Hamilton (*Notre-Dame de Grâce*), Henry, Hollingworth, McCann, Monteith, Richard (*Ottawa East*), Richardson, Robichaud, Viau, Weselak. (13). Yeas: Messrs. Hansell, Holowach. (2).

Thereupon Mr. Richardson moved, seconded by Mr. Goode,

That the following new paragraph 9 be added after paragraph 8:

Your Committee discussed at some length the subject of religious broadcasting and regulations governing religious broadcasts. The Canadian Broadcasting Corporation is to be commended on the type of network religious broadcasts which are arranged in co-operation with the Religious Advisory Council.

After discussion, and the question having been put, the said motion was resolved in the affirmative.

Thereupon Mr. Fleming moved, seconded by Mr. Richardson,

That a new paragraph 10 be added immediately after new paragraph 9 as follows:

In a medium which exerts so strong an influence on public thought as radio and television it is desirable that the greatest care be taken to provide balance and freedom in the presentation of opinion. The Committee suggests this be constantly kept in view in seeking a wider selection in those participating in the programmes.

After discussion, and the question having been put, the said motion was resolved in the affirmative.

Ordered,—That paragraphs 9 to 19 inclusive of the draft Report be now renumbered 11 to 21 inclusive.

Paragraph 11 was considered and adopted.

On Paragraph 12:

Mr. Monteith moved, seconded by Mr. Richardson,

That paragraph 12 be amended by deleting the last sentence thereof and substituting the following:

The Committee is of the opinion that such accounting methods have been improved since the Auditor General's Report of August 5, 1954, and recommends that the Canadian Broadcasting Corporation should continue its studies to modernize and further improve all its accounting practices.

After discussion, and the question having been put, the said motion was resolved in the affirmative.

On Paragraph 13:

Mr. Richardson moved, seconded by Mr. McCann,

That paragraph 14 be amended by deleting the word "although" in the seventh line thereof, a comma and the words *whenever practicable to do so* and by inserting *a period* after the word "adequately" in the eighth line thereof and deleting the words "if it is provided with the necessary financial resources".

After discussion, and the question having been put, the said motion was resolved in the affirmative.

On Paragraph 14:

Mr. Fleming moved, seconded by Mr. Hamilton (*Notre-Dame de Grâce*),

That paragraph 14 be amended by deleting the word "although" in the fourth line thereof and substituting therefor the word *while* and that the word "was" where it appears in the said line be deleted and the word *is* substituted therefor.

After discussion, and the question having been put, the said motion was resolved in the affirmative.

At 6.00 o'clock p.m., the consideration of the draft Report still continuing, the Committee adjourned to meet again at 8.30 o'clock p.m. this day.

EVENING SITTING

Room 497,
THURSDAY, June 16, 1955.

The Committee resumed at 8.30 o'clock p.m. Dr. Pierre Gauthier, the Chairman, presided.

Members present: Messrs. Boisvert, Fleming, Goode, Hamilton (*Notre-Dame de Grâce*), Hansell, Henry, Hollingworth, Holowach, McCann, Monteith, Richard (*Ottawa East*), Richardson, Robichaud, Viau and Weselak.

Consideration of the draft Report was continued.

Paragraphs 15, 16 and 20 were allowed to stand.

On Paragraph 17:

Mr. Monteith moved, seconded by Mr. Fleming,

That paragraph 17 be deleted and the following substituted therefor:

The Canadian Broadcasting Corporation is steadily becoming a drastically heavier drain upon the Canadian Taxpayer. In 1937 the Corporation was spending less than 1 million dollars a year. That amount has continually increased. In its fiscal year, ending 31st March 1952, it spent close to 11½ million dollars; the next year close to 15 million dollars; during its 1954 fiscal period 20 million dollars and in the year ending 31st March 1955 it is estimated to spend over 29 million. It is projected that in this current year, ending 31st March 1956, it will spend over 42 million dollars. All of the figures cited thus far are for operating expenses only and include no capital outlays.

Considering that most of the revenue received by the C.B.C. is from the Canadian Taxpayer in either grants from the Government or Excise Taxes collected on Radio and T.V. Receiving sets and tubes, it is obvious the actual annual cost to the taxpayer is not too readily discernible by perusing the financial statements.

In 1953-54 this amount was approximately \$27,836,000.00. In the year 1954-55 it is estimated to be close to 41 million dollars. It is projected that this net cost to the taxpayer in the current year ending 31 March 1956 will be over 43 million dollars. The actual amount to be spent including the estimated commercial revenue will be over \$50,000,000.00.

It is not only unsound to turn over to C.B.C. the yield from the excise tax on Radio Receiving Sets and Tubes but, as Mr. Dunton admitted in his evidence, the revenue from this source has the disadvantage of being uncertain in amount.

In order to preserve strict Parliamentary control over C.B.C. expenditure and to prevent that expenditure from becoming a heavier drain upon the Canadian Taxpayer the Committee recommends that the present system of assistance to C.B.C. from the public treasury be completely replaced by a system of an annual Parliamentary grant.

After discussion, and the question having been put, the said motion was resolved in the negative on the following recorded division: Nays: Messrs. Boisvert, Goode, Henry, Hollingworth, McCann, Richard (Ottawa East), Richardson, Robichaud, Viau, Weselak. (10). Yeas: Messrs. Fleming, Hamilton (Notre-Dame de Grâce), Holowach, Monteith. (4).

On Paragraph 19:

Mr. Fleming moved, seconded by Mr. Richardson,

That paragraph 19 be amended by deleting the word "particularly" where it appears in the third line thereof.

After discussion, and the question having been put, the said motion was resolved in the affirmative.

Paragraph 21 was adopted.

The Committee then commenced consideration of paragraphs 15, 16 and 20.

Mr. Fleming moved, seconded by Mr. Monteith,

That paragraphs 15, 16 and 20 be deleted and the following substituted therefor:

In establishing its own TV stations and dealing with applications for privately-owned TV stations the Board of Governors of the Canadian Broadcasting Corporation has been adhering to the policy announced by the Government in the House of Commons on December 8, 1952, and March 30, 1953. There has been no change in the policy since. This policy of local monopoly has been clothed with the euphonious title "The Single Service Coverage Policy". CBC has occupied six principal urban centres, Halifax, Montreal, Ottawa, Toronto, Winnipeg, and Vancouver, thus from the point of view of commercial revenue picking off all the biggest plums for itself. Eighteen privately-owned television transmitting stations are operating. They are, however, restricted to areas where no CBC station is operating, and they are now given by the Government's policy a complete Canadian monopoly in their local areas. To carry out this policy channels have been juggled and shifted about. The Government's policy creates and protects monopoly both for the CBC and for private stations. That policy is already breaking down. Overlapping is now occurring in the areas served by some stations, at least where the viewer has an outdoor antenna.

The Committee condemns this policy of monopoly. It believes that Canadian competition will have a healthy effect on both CBC and private stations in their operations, in their service to the listening public,

and in all forms of their programming. American competition is an existing fact. Millions of Canadians are within access of television from stations located in the United States. These stations send their signals into Vancouver, Montreal, Toronto, and the populous areas of south-western Ontario. Their programmes are popular. Indeed, unchallenged evidence before the Committee showed that the Buffalo stations are listened to by almost twice as many Canadians as the CBC TV stations in Toronto. Thus the Government's policy of monopoly prevents Canadian competition, but not American. The United States stations have not been slow to exploit the protected position created for them by the exclusion of all Canadian privately-owned stations from the six major urban areas. By selling time to Canadian advertisers they are taking \$2,000,000, per annum in commercial revenues out of Canada.

Mr. Dunton testified that approximately 50% of all programmes in the CBC television system are of United States origin. Private broadcasters indicated to the Committee that they would expect to offer approximately the same percentage of Canadian content in their programmes if licensed to operate. This is one of the things which proper regulation and control could effectively ensure, subject always to the right of the Canadian people to enjoy programmes of their democratic choosing.

The policy of local monopoly is preventing the erection of French-language stations as well as English-language stations.

The dangerous policy of monopoly cannot be justified on the argument that C.B.C. must have all the commercial revenues from the six "plum" urban areas. At the present time the CBC is enjoying revenues of approximately \$30,000,000.00 per annum. Of this sum only \$6,000,-000.00 comes from commercial revenues. The balance comes from the public treasury and is provided by the taxpayers. The CBC is not and never has been dependent upon its commercial revenues for the extension of its broadcasting or television facilities.

It is the opinion of the Committee that competition is desirable in the public interest, and that its desirability increases with the rapid increase in the number of television sets in use in Canada. The dangers of the present policy of monopoly are thus constantly increasing.

After discussion, and the question having been put, the said motion was resolved in the negative on the following recorded division: Nays: Messrs. Boisvert, Henry, Hollingworth, McCann, Richard (Ottawa East), Richardson, Robichaud, Viau, Weselak. (9). Yeas: Messrs. Fleming, Goode, Hamilton (Notre-Dame de Grâce), Hansell, Holowach, Monteith. (6).

On Paragraph 15:

Mr. McCann moved, seconded by Mr. Richardson,

That paragraph 15 be amended by deleting the words "subject to the availability of the necessary funds" where they appear in the sixth and seventh lines thereof.

After discussion, and the question having been put, the said motion was resolved in the affirmative.

Paragraph 16 was considered and adopted.

Paragraph 20 was considered and adopted on the following recorded division: Yeas: Messrs. Boisvert, Henry, Hollingworth, Holowach, McCann, Richard (Ottawa East), Richardson, Robichaud, Viau, Weselak. (10). Nays: Messrs. Fleming, Hamilton (Notre-Dame de Grâce), Monteith. (3). Messrs. Goode and Hansell abstaining.

Thereupon Mr. Richard (*Ottawa East*) moved, seconded by Mr. Hollingworth,

That the Report, as amended, be adopted.

After discussion, and the question having been put, the said motion was resolved in the affirmative on the following recorded division: Yeas: Messrs. Boisvert, Henry, Hollingworth, McCann, Richard (*Ottawa East*), Richardson, Robichaud, Viau, Weselak. (9). Nays: Messrs. Fleming, Hamilton (*Notre-Dame de Grâce*), Hansell, Holowach, Monteith. (5). Mr. Goode abstaining.

Ordered,—That the Chairman present the Report, as amended, to the House.

Mr. Fleming expressed the high appreciation of members of the Committee for the services rendered to the Committee by the Chairman and moved, seconded by Mr. Hansell,

That this expression of appreciation be recorded in the Minutes of Proceedings.

At 10.00 o'clock u.m., the Committee having considered all matters referred, adjourned *sine die*.

R. J. Gratrix,
Clerk of the Committee.

Note: On June 2nd, 1955, (see Minutes of Proceedings No. 12), the Committee ordered copies of the Canada-USA Television Agreement. Copies of the said Agreement were delivered to members of the Committee on June 16, 1955.

REPORT TO THE HOUSE

FRIDAY, June 17, 1955.

The Special Committee on Broadcasting begs leave to present the following as its

SECOND AND FINAL REPORT

1. Your Committee was appointed by resolution of the House on Thursday, March 10, 1955, to consider the Annual Report of the Canadian Broadcasting Corporation and to review the policies and aims of the Corporation and its regulations, revenues, expenditures and development, with power to examine and inquire into the matters and things herein referred to and to report from time to time their observations and opinions thereon, and to send for persons, papers and records, that the Committee have power to print such papers and evidence from day to day as may be deemed advisable or necessary, that the Committee have power to meet while the House is sitting.
2. Your Committee held 35 meetings, including a meeting in Montreal for the purpose of observing the operations and installations of the Canadian Broadcasting Corporation.
3. Your Committee made a detailed examination of the 1953-54 Annual Report of the Canadian Broadcasting Corporation and unanimously adopted such Report. The Chairman of the Board of Governors, the General Manager and other officials appeared as witnesses and were examined at length as to the Corporation's policies, aims, regulations, revenues, expenditures and developments.
4. Your Committee also heard submissions from the Canadian Association of Radio and Television Broadcasters, the American Federation of Musicians in the United States and Canada, and heard evidence from the Controller, Assistant Controller and other officers of the Telecommunications Branch of the Department of Transport with respect to the administration of the Radio Act and the regulations made thereunder.
5. Your Committee is grateful to the Bell Telephone Company for its demonstration of the principles of microwave radio relay transmission. The evidence on the major problems involved in engineering a radio relay system was helpful for the Committee's understanding of developments in that field.
6. Your Committee took note of a brief presented by the Canadian Association of Radio and Television Broadcasters with respect to a separate regulatory board having minimum essential regulatory powers over radio and television broadcasting in Canada. The Canadian Chamber of Commerce forwarded to your Committee a resolution supporting that view. On the other hand a communication from the Canadian Federation of Agriculture supported the present system of national control of radio and television. Your Committee is of the opinion, however, that the evidence adduced does not warrant the establishment of such a separate regulatory board at the present time.
7. Following the established practice of Parliamentary Committees not to hear representations from political parties, your Committee declined to hear representations from the Labour Progressive Party.

8. Your Committee heard evidence on regulations in effect with respect to free broadcasting time granted to all political parties and commends the declaration of the Chairman of the Board of Governors of the Canadian Broadcasting Corporation that such regulations are continuously under review.

9. Your Committee discussed at some length the subject of religious Broadcasting and regulations governing religious broadcasts. The Canadian Broadcasting Corporation is to be commended on the type of network religious broadcasts which were arranged in co-operation with the Religious Advisory Council.

10. In a medium which exerts so strong an influence on public thought as radio and television it is desirable that the greatest care be taken to provide balance and freedom in the presentation of opinion. The Committee suggests this be constantly kept in view in seeking a wider selection in those participating in the programmes.

11. Considerable information was laid before the Committee as a result of specific requests made by members of the Committee, most of which was incorporated into the evidence or appears as appendices thereto.

12. Your Committee examined at length the financial statements of the Canadian Broadcasting Corporation and considered its accounting methods. The Committee is of the opinion that such accounting methods have been improved since the Auditor General's Report of August 5, 1954, and recommends that the Canadian Broadcasting Corporation should continue its studies to modernize and further improve all its accounting practices.

13. Your Committee heard evidence on the improvements and extension in coverage in sound broadcasting since the previous Committee met. The Committee noted that, although there were no major developments in sound broadcasting, coverage was extended to certain outlying areas. The Committee also noted with approval that the Canadian Broadcasting Corporation would, whenever practicable to do so, extend its radio coverage to areas not yet served adequately.

14. Your Committee heard evidence on the operation of the International Service and having examined the estimates for that service for 1955-56, noted with approval that while a reduction in expenditure is being effected, there would be no reduction in service to countries behind the Iron Curtain.

15. Your Committee examined the television operations of the Canadian Broadcasting Corporation and was impressed with the remarkable developments since the previous Committee met in 1953, and noted the national service has been extended to over 70 per cent of the population. Your Committee also noted with approval that the Corporation is planning for further developments of the national television service and of its extension to areas not yet covered.

16. Your Committee is mindful of the importance of television. It undoubtedly has a strong influence on people throughout the country, being a valuable medium for the promotion of national unity, and a source of education and entertainment. The evidence produced to your Committee confirms its views, however, that television is a costly and complicated medium of communication. In this connection there should be borne in mind the following statement made by the Chairman of the Board of Governors of the Canadian Broadcasting

Corporation on the desirability of developing a truly Canadian nation wide service:

"... we are perfectly convinced and think it is very plain that it is impossible for anyone or anybody to operate a nation wide service in this country—a national service in sound and television—on a purely commercial basis."

17. Your Committee feels that the present system of financing the Canadian Broadcasting Corporation, in the light of increasing operating costs, should be reviewed to ensure a continued expansion of the national television service. In this connection the Committee agrees that it is essential for the Corporation to continue to supplement the income it receives from public sources with revenues from commercial operations.

18. The Corporation is to be commended for its continued development of Canadian programmes in both the French language and English language services. However, your Committee recognizes the necessity of a continued outlay of public funds to ensure the maintenance of a high standard of Canadian production and the development of Canadian talent.

19. Your Committee commends the private stations for the part they are playing in the development of the national service and for their efforts to give better community service by way of discussion of matters of local interest, and other public service broadcasts.

20. Your Committee has carefully considered the single service coverage policy which now governs television broadcasting. It is of the opinion that the policy has proved to be a desirable one. It finds, however, that its application involves certain technical and other difficulties which would warrant further study of the whole question.

21. A copy of the evidence adduced is appended hereto.

All of which is respectfully submitted.

Dr. PIERRE GAUTHIER,
Chairman.

